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The Profession of Commerce in the Making

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THERE are distinct indications today of forces at work in business life which can recreate the purposes of commerce and set high standards for the conduct of business not only for America but for the world. In hundreds of meetings, across scores of luncheon tables, men are discussing the necessity for a new industrial leadership and the opportunity for that industrial leadership in America. The fine thing about these discussions by thoughtful men is that each sees in his own profession that opportunity for leadership. The lawyer, the engineer, the economist, the statesman, the industrialist, the banker, the manufacturer, the merchant and the salesman, men in all fields of professional and commercial activity are thinking in new terms of their work, and each in a different way is giving expression to a universal desire. Each is really trying to answer the question, old as civilization, which was phrased by Dean Kimball of Cornell when he said that we are attempting to solve the problem, "What is mine and what is thine?"

America above all other nations offers the most fruitful opportunity for a new leadership. Our social structure is not laid-up in a stratification of classes. It is still possible for a newspaper publisher to become President of the United States and for a steel mill hand to head the works. We are, as Americans, idealists. Business to us is an end in itself and not merely a means to an end. The novelist in interpreting the social responsibilities of industry, usually to its disparagement, is prone to overlook

this fact. There is something truly American in the possibility that a man, only twenty years old, may come to our shores from Egypt and in ten years become owner of a factory and two retail stores.

The ferment for a new leadership of industry may all be considered from the viewpoint of the professionalizing of commerce. We are, as a nation, strong individualists. As Secretary of Commerce Hoover has put it, we have a very high individual efficiency in industry, but a very low collective efficiency. Creative business men are seeking for new measures of value. Service as a basis for profit-making is coming to be recognized as the true motive for creative industry. Business men are establishing codes of practice in all lines of industrial activity. Men in business are as human as artists or lawyers or chemists, and the ethical standards of men of business are no higher and no lower than the ethical standards of our people as a whole. What is apparent in industry, however, is a conscious effort, a definite attempt to make its standards known, to put commerce on a high plane, and to base creative industry on high ethical principles.

It is my purpose in the brief span of this article simply to outline what seem to be very definite indicators of the coming of a new leadership in industry. The first factor is youth. Broadly speaking, our industrial and commercial activities date from the Civil War. Many businesses were founded during that war and with the passing of years these early leaders and

their immediate successors are going out of business. This means that a large group of men are taking up the reins of industry with a fresh viewpoint on their responsibilities as leaders. As a result what may be called a second-generation viewpoint has come to industry as a natural step in American industrial development. The men forming this new group, who might be listed by the hundreds, are the kind of men who made it possible for H. G. Wells to sell in America 250,000 copies of his book, the *Outline of History*, an unprecedented sale for a book of history, to be accounted for largely because Wells has fired the imagination of America and has shown the relation of America to the world in a new perspective. In the same way there exists in the American business consciousness a great reservoir of idealism and creative thought which may be mobilized in the direction of professional thinking about industry.

THE PROFESSIONAL CHARACTER OF THE TRADE ASSOCIATION

At a dinner during the Limitation of Arms Conference in Washington, a witty Englishman referred to America as the only nation where a dry banquet could be held with any enthusiasm. In his humorous comment on our national predilection for being "joiners," he put his finger on a mechanism in American industry, the association, which is one of the great forces to be put to work in professionalizing business, and which in many of its activities has indicated a recognition of this opportunity. The trade association movement is a conscious effort to secure collective action on the part of all classes of men in industry. There is no exact count of the number of trade associations, because there are scores of local associations in themselves unaffiliated as national organizations.

But there are probably fifteen hundred technical societies, manufacturers' associations, jobbers' associations and retailers' associations of national character. These various associations and societies are organized sometimes on the basis of professional groups, sometimes on the basis of commodities, sometimes on the basis of trade relations. We have as a result a vast number of collective units in industry, functioning on their own problems, and, in some instances, functioning on one another's problems. Many of these associations are grouped and operate in a national way through such organizations as the United States Chamber of Commerce, the Federated American Engineering Societies, the National Association of Manufacturers, and so on.

No attempt can be made to discuss the minutiae of the work of these associations. There are thirty-five or forty functional activities which many of them carry on, but for the purposes of this article the interesting fact stands out that sooner or later such associations become professionally conscious, and as soon as they become professionally conscious, they set up for the guidance of each member standards of practice or codes of ethics which, broadly speaking, constitute a great structure, with the service motive as the standard for the conduct of the particular association or organization.

In emphasizing this phase of the development of the association there is no desire to sentimentalize about it. One might sentimentally consider that the fabric of industry is a cloth of gold, that all business is conducted on a high ethical plane. This is obviously not true. But the point to emphasize is the conscious effort that is being made constantly to set up standards of practice which in themselves have an ethical quality—golden threads in our national industrial fabric.

Ethical structures in business are thus being reared through the collective action of trade associations and of semi-professional business organizations of one type or another. It is a trite saying among business competitors that when they meet each other for the first time through the medium of a trade association, the one discovers that the other no longer has "horns." Once having established a mutual respect for and sympathy with each other, it is a simple matter to take the next step and devolve a basis for competitive procedure which eliminates the waste to the consumer of the cut-throat competition that tears down creative enterprise and takes business scalps in a truly savage fashion.

Many semi-business organizations have put forces at work also in the direction of establishing practical codes of ethics for commercial procedure. The order of Rotarians is an outstanding example of such a body.

A second great force at work in the professionalizing of industry is that of specialized education in the technical and business schools of the country. Each year men go into business from college. In the specialized schools, particularly, more and more attention is being given to bringing before the student the relation of his specialized knowledge to the social and industrial problems that lie in the world outside his college walls.

THE NEW TECHNIQUE OF MANAGEMENT

The professionalizing of the technique of management is an interesting illustration of a distinct educational movement in the field of manufacturing. Management has gradually emerged through a period of years until it has been made a function in industry. It has become recognized pedagogically as the creative function of relating the

capital invested in an enterprise, the men who work in the enterprise, the machinery, and the materials all together in order to turn out a manufactured product. Since the Civil War, factory production in America has emerged from the handicraft stage and has come to be mass production, involving the handling of great groups of men, of huge quantities of materials, of complicated processes of machinery, and of money representing capital investment. Out of this industrial movement have come the systematization of routine, the scientific study of processes and methods, and, more recently, the conception that the human relations of men in industry are susceptible of the same kind of analysis and thoughtful consideration in the mass.

Ten years ago I happened to be associated in a small way with the organization of one of the courses in industrial management of the Harvard Graduate School of Business Administration. I believe there were ten graduates the second year this school was established. In 1921 there were one hundred and eighty. This increase from ten to one hundred and eighty is another barometer of the development of the profession of management as a function in industry.

Again, in the field of distribution there is gradually emerging a type of thinking in which the technique is professional and not greatly different in character from that in production—the technique of the commercial economist. There is a welter of ideas in regard to "demand creation" and "demand supply," which are the academic expressions for selling and buying. The analysis of the movement of trade, the collection of the statistical facts with regard to trade, the attempt to visualize through statistics the rise and fall of business, all are indications of another attempt to introduce the pro-

fessional viewpoint into industry. The "merchandising man" of the great department store, the advertising agent who is a counselor for his client in the analysis of the distribution of his products, both are energized in their work by a new conception of the service value of their particular businesses and of the businesses which they serve. There is a possibility of developing an entrepreneur of service.

INDUSTRIAL JOURNALISM AS A PROFESSIONALIZING FORCE

Industrial journalism at its best is a third great force in the development of the professional viewpoint in industry. The industrial press is a great force for the practical education of masses of men. There is a business paper for almost every trade and profession. Editors of business papers who are leaders in thought find the opportunity to express that leadership in terms other than mere reporting of the news of industry. The responsibility of the business press goes deeper than the gathering of news. It does no good to arouse either the individual or the nation to action unless there is also suggested a plan for turning this action into practice. This is an educational axiom, and the educational force of the business press offers an opportunity for leadership in the professionalizing of industry which is second to no other in raising the standards of commercial practice.

The leading editors of the business press are both a part of their industry and spectators on the side lines looking over industry. Because of their exceptional personal and intimate relations with leaders of industry they help to point out and chart the way it must follow. Moreover, they have a sense of social responsibility to the public, a responsibility which in itself is a professional conception of their own work.

Abraham Lincoln believed in the people. Opinion in this country has always been made by the people. Industrial opinion is made by a comparatively small percentage of the hundred millions in the country. The business press as a whole is the voice of industrial opinion, and a responsible business press is one of the greatest forces for practical accomplishment of high ideals in the world today.

The editors of the business papers have long been conscious of this responsibility, and some five years ago organized an Editorial Conference which provides a medium for the discussion of the common problems of industry and for the forwarding of its general plans. The editors have established detailed standards of practice for the conduct of industrial journalism, and during the last year a course in industrial publishing has been assembled and presented to classes formed by members of the New York Business Publishers' Association. This course is based on high ideals of service to industry.

DEVELOPMENTS IN THE DEPARTMENT OF COMMERCE

A new motivating force for establishing higher commercial standards in industry on the basis of fact has followed the appointment by President Harding of Herbert Hoover as Secretary of Commerce of the United States. Mr. Hoover has set for the Department of Commerce a high standard of service as a measure of its relation to industry, and in setting that standard of service has already made possible the coördination of many of the constructive purposes of the trade association and given new strength of purpose to the professional character of such associations.

This basis for professional conduct of associations and of the business

which they represent is the very practical truth that business policies, both for the individual industries and for our national economic program, should be founded upon fact and not upon opinions. As a basis for establishing these professional facts with regard to industry, the Department of Commerce has been reorganized with special reference to the collection of statistics, the promotion of foreign trade, and the carrying forward of programs for the elimination of waste in industry through the elimination of excess variety in manufactured products and the simplification and standardization of sizes and parts. Contact committees have been formed in more than one hundred and fifty trade associations and technical bodies. These contact committees are at work on programs which provide a basis for a common understanding between industries and the opportunity for a wider education as to the possibilities of collective action in industry.

The impulse for this development of the Department of Commerce comes out of industry itself, and not from the Department into industry, and is another indication of the movement in business which I have called the "professionalizing of industry."

THE INTEGRITY OF AMERICAN BUSINESS

Business needs no apologies. American business at heart is sound in the same degree and for the same reasons that the nation itself is sound. Individually, American business men set high standards for themselves in a very practical way. Specifically, if you ask any so-called successful business man what he looks for first in hiring his associates, he will either answer directly in terms of character or picture his speci-

fications in such a way that character is very evidently the thing he is trying to get at. That the essential quality of individual integrity and character is the basis for creative business enterprise is shown by the fact that once a man stumbles in full view of the public, the whole structure of business he may have reared tumbles to the ground because he will no longer be trusted. There are legendary tales of so-called big business men whose "private morals and personal ethics were their own business," but we have had many illustrations of the fact that masterfulness in business can be attained and held only by the sweetness and soundness of personal morality.

It is the collective expression of high ethical standards for the individual which is the foundation for the professional standards of men acting in groups. The structure of business itself rests on credit, which is nothing in the world but a collective appreciation of character.

American industry of the future, with a new vision of service expressed in the practical terms of the professionalizing of industry, is the hope of a reconstructed social and industrial fabric. The United States of America may leave an impression on civilization different in character from that made by any other nation and moving the world forward in a way that no other nation has done. America's expression in civilization must be essentially commercial. We are a commercial nation. But there is nothing cheap in this conception. We have high ideals for commerce. We are creators and dreamers. Rome left its imprint on civilization in war; Greece, in art. America can leave its imprint in the new sense of service which finds expression through commerce and industry.